

2023

Q4



Recapitalisation completed and full focus on operational improvements

Fourth quarter highlights

- > 3% Group organic sales growth with reported net sales of SEK 4,903m (4,670)
- > Operating income before associated company income (ACI) and items affecting comparability (IAC) of SEK -230m (-284)
- > IAC of SEK -2,648m (-86) mainly comprised sports content write-downs and provisions
- > Total reported operating income of SEK -2,863m (-294) including ACI of SEK 15m (76)
- > Net income of SEK -2,881m (-250) and EPS of SEK -36.83 (-3.19)
- > Comprehensive recapitalisation programme completed on 9 February 2024

Financial summary

| (SEKm) | Q4 | Q4 | Full year | Full year |
|---|---------------|-------------|----------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net sales | 4,903 | 4,670 | 18,567 | 15,691 |
| Organic sales growth | 3.4% | 23.9% | 13.2% | 19.7% |
| Reported sales growth | 5.0% | 31.4% | 18.3% | 23.9% |
| Operating income before ACI and IAC | -230 | -284 | -1,115 | -372 |
| Associated company income (ACI) | 15 | 76 | 63 | 275 |
| Items affecting comparability (IAC) ¹⁾ | -2,648 | -86 | -9,224 | 510 |
| Operating income | -2,863 | -294 | -10,276 | 413 |
| Net income for the period | -2,881 | -250 | -9,747 | 323 |
| Basic earnings per share (SEK) | -36.83 | -3.19 | -124.61 | 4.13 |

1) Please see page 22 regarding items affecting comparability.

Alternative performance measures used in this report are explained and reconciled on pages 20-25.

A word from our President & CEO

Our Q4 results were in line with the trading update that we provided in January, and we have reiterated our guidance for 2024. The recently completed recapitalisation is part of the retransformation of Viaplay Group, which is work in progress and will take time. The recapitalisation was a complex process, involving concessions and commitments by many stakeholders, to whom we are grateful for their support. Now, we can fully focus on the many operational improvements that need to be made to the business.

We made further progress in Q4 to reset the business. We agreed the sale of our UK operation, are withdrawing from the Baltics and North America, and will exit Poland by the middle of next year. We have written off and provided for our content costs in these markets, which make up the majority of the IAC this quarter, but we are left with the cash costs for the content that we cannot sell back or sublicense. The exiting of these non-core markets enables us to focus on our core Nordic operations, in markets where we have delivered profitable growth with double digit margins and strong cash conversion in the past. And that, combined with our scale and soon to be profitable business in the Netherlands, is what we are aiming to do again.

In order to achieve these goals, we have reset our content strategy, moving away from large numbers of high-cost original dramas towards more popular and profitable local formats and Hollywood content. We have therefore sold rights to a number of our original productions to global media players, and also sold or closed our production businesses. We are also reducing our sports rights commitments, including sublicensing selected rights, so that we can focus on the rights that really move the needle for us.

We have adjusted our prices to reflect our unique entertainment value proposition, both for our customers and our partners. Viaplay and our TV channels provide fantastic value for money when compared to going to a live sports event, concert, or the movies. We want to grow both our subscriber base and our ARPU, which requires a very disciplined approach to subscriber acquisition costs, pricing, churn management and the lifetime value of our customers. We have ended any expensive and value-destructive hunt for customers and revenue, which was not creating long-term value.

We have become leaner after the measures that we have taken over the last nine months. Moving forward in the coming years, we will work to optimise in all areas, in order to open up new revenue streams and increase efficiency levels. We are beginning the journey now with commercially focused goals, clear operational accountability, and the ability to put the right teams in place now that we have secured the refinancing.

Our priority is to deliver relevant and attractive entertainment that engages audiences, generates meaningful return on investment, and creates long-term and sustainable value for all stakeholders.

Our Q4 organic sales growth of 3% reflected continued growth in the total Viaplay sales, with a slight decline in Viaplay's Nordic sales. The Nordic and international subscriber bases were down year on year following the discontinuation of unprofitable marketing campaigns in the summer, while prices were raised in almost all markets. We are also looking at measures to address account sharing, as well as working with industry peers to increase the fight against piracy. We gained advertising market shares with an organic sales decline of 3% in markets that continue to be challenging. Our digital advertising sales are growing, and we are building our digital inventory as quickly as possible, as well as looking at launching HVOD offerings. The 9% organic sales growth in our linear subscription and other sales line was boosted by the sale of scripted content as we shifted to more popular and commercial genres, as well as the sublicensing of selected sports content.

Our increased Nordic operating profits were offset by the losses in the international markets, which has been the pattern for the whole year and is why we are exiting all but one of these markets.

We are addressing the key sales and cost drivers in order to transform our core Nordic, Netherlands and Viaplay Select operations. We aim to be free cash flow positive for these businesses in 2025, before gradually increasing profitability levels to double-digit margins.

"The recapitalisation was part of our ongoing work to retransform the Group, and to rebuild long-term and sustainable value."



I would like to extend my gratitude again to all our stakeholders for their support and dedication throughout this challenging period. Our commitment to restore profitability and drive stakeholder value is unwavering. This will be done by prioritising commercially viable content, right pricing our entertainment offerings, exploring new revenue streams, nurturing strategic partnerships, and maintaining strict cost control in an accountable organisation.

Jørgen Madsen Lindemann
President & CEO, Viaplay Group

Group performance

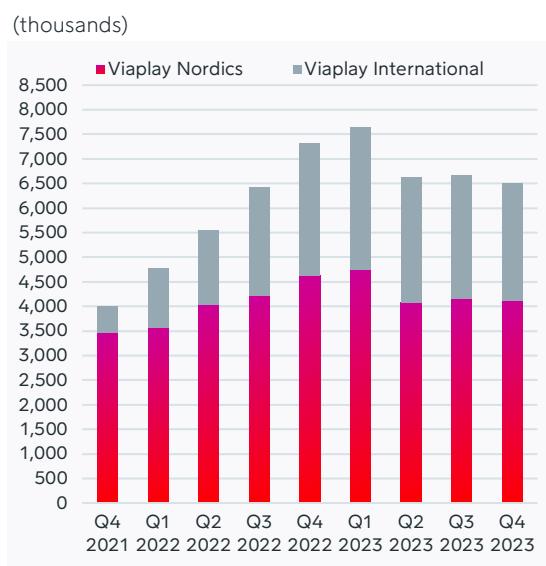
Sales

Group organic sales growth of 3% was primarily driven by 9% organic sales growth in linear subscription and other sales, with Viaplay sales growing by 3% and advertising organic sales declining by 3%. Reported sales growth was 5% and net sales amounted to SEK 4,903m (4,670). Please see pages 20-21 for a reconciliation of organic and reported sales growth.

Organic sales growth



Viaplay subscriber base



Operating income

Operating income before ACI and IAC amounted to SEK -230m (-284), with operating income before ACI and IAC of SEK 165m (136) for the Nordic operations offset by SEK -395m (-420) for the International operations. IAC of SEK -2,648m (-86) comprised sports content write-downs and provisions for onerous contracts mainly related to the non-core international exit markets (UK, Baltics and Poland), as well as impairments of capitalised development costs for the international markets. ACI totalled SEK 15m (76) and primarily comprised the Group's 50% share of the net income of Allente, which reported a decline in subscribers and sales. Total operating income therefore amounted to SEK -2,863m (-294). Please see page 22 for further information about the items affecting comparability and note 3 on page 17 regarding Allente's financial performance and position.

Net financial items and net income

Net interest and other financial items totalled SEK -103m (-23). Net interest amounted to SEK -93m (-32), of which SEK -4m (-3) related to net lease liabilities. The increase reflected the higher net debt level during the period. Other financial items amounted to SEK -10m (9) and mainly comprised the impact of currency exchange rates on the revaluation of financial items.

Taxes amounted to SEK 85m (67). Group net income amounted to SEK -2,881m (-250), and basic earnings per share to SEK -36.83 (-3.19).

Cash flow

Cash flow from operations, excluding changes in working capital, totalled SEK -401m (-102), including SEK 0 (200m) of cash dividends from Allente. Changes in working capital amounted to SEK -1,224m (-345) and mainly reflected higher sports rights payments. Cash flow from operating activities amounted to SEK -1,625m (-447).

Cash flow related to investing activities amounted to SEK -10m (-440) and included SEK 5m (-387) related to divestment and acquisition of operations; SEK -21m (-58) of capital expenditure on tangible and intangible assets; and SEK 6m (5) of other investing activities.

Viaplay Group's free cash flow (cash flow from operating activities plus cash flow from investing activities excluding acquisitions and divestments of operations) for the period amounted to SEK -1,640m (-500).

Cash flow from financing activities amounted to SEK 2,500m (577), with borrowings increasing by SEK 2,500m (500) as the balance of the SEK 4,000m revolving credit facility was fully drawn down at the beginning of the quarter. The total net change in cash and cash equivalents therefore amounted to SEK 865m (-310).

Financial position

The Group's net debt position (including assets held for sale) was SEK 4,976m (1,482) at the end of the period. The financial net debt position (including assets held for sale), which excludes net lease liabilities of SEK 295m (377), was SEK 4,681m (1,105). Cash and cash equivalents totalled SEK 2,569m (2,775), while the Group's total borrowings amounted to SEK 7,250m (3,900).

The Group's consolidated equity amounted to SEK -1,090m at the end of the period. The recapitalisation programme was successfully finalised on 9 February 2024 and the Group's consolidated equity has increased by approximately SEK 6 billion before transaction costs, of which SEK 4 billion was received in cash (approximately SEK 3.6 billion after transaction costs) and SEK 2 billion of debt was written down. When adjusting for the completion of the recapitalisation, the Group would have been in a pro forma SEK 0.9 billion financial net cash position (excluding leases) as at 31 December 2023.

Performance by operating segment

Nordics

| (SEKm) | Q4 2023 | Q4 2022 | Reported change % | Organic sales growth % | Full year 2023 | Full year 2022 | Reported change % | Organic sales growth % |
|--|--------------|--------------|-------------------------|------------------------------|----------------------|----------------------|-------------------------|------------------------------|
| Viaplay | 1,595 | 1,599 | -0.3% | -0.3% | 6,535 | 5,535 | 18.1% | 16.1% |
| Linear subscription & other | 1,499 | 1,362 | 10.1% | 9.1% | 5,513 | 4,914 | 12.2% | 8.6% |
| Advertising | 1,042 | 1,081 | -3.6% | -3.4% | 3,549 | 3,808 | -6.8% | -7.7% |
| Net sales | 4,136 | 4,042 | 2.3% | 2.0% | 15,597 | 14,257 | 9.4% | 7.2% |
| Operating expenses | -3,971 | -3,906 | -1.7% | - | -15,041 | -13,246 | -13.6% | - |
| Operating income before ACI and IAC | 165 | 136 | 21.3% | - | 556 | 1,011 | -45.0% | - |
| Operating margin before ACI and IAC (%) | 4.0% | 3.4% | - | - | 3.6% | 7.1% | - | - |
| Viaplay subscribers ('000) | 4,106 | 4,625 | -11.2% | - | 4,106 | 4,625 | -11.2% | - |

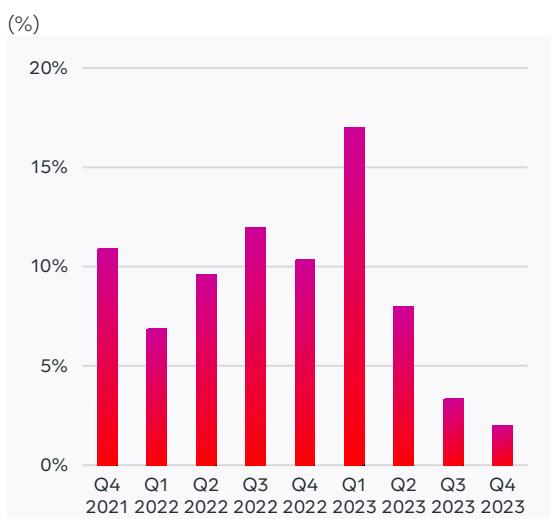
Viaplay's sales were slightly down on an organic basis and accounted for 39% of total Nordic net sales for the fourth quarter. The Nordic subscriber base decreased by 39k subscribers' quarter-on-quarter, which was primarily due to a decline in the subscriber base in Finland, and was down 519k year-on-year, which was mainly due to the termination of unprofitable marketing campaigns as announced in connection with the Q2 report. Prices were increased across all markets and offset by the lower subscriber numbers and higher share of B2B customers.

Linear subscription and other sales, which comprise wholesale channel subscription sales, sublicensing sales, and external sales by Viaplay Studios, generated organic sales growth of 9% and accounted for 36% of Nordic net sales. The sales growth reflected higher content sublicensing sales.

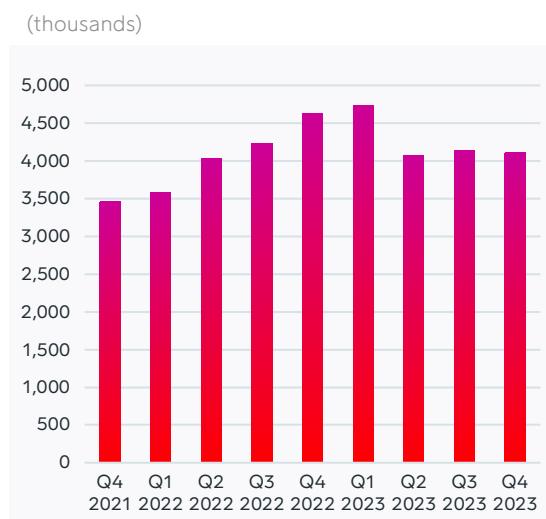
The organic advertising sales decline of 3% reflected overall market share gains and the impact of the men's football World Cup and lower penetration levels in Q4 2022. Digital advertising sales grew strongly again but were offset by lower linear advertising sales. The Group's TV target audience share was up in all three markets, and all three TV advertising markets are estimated to have declined. The Group's radio target audience share increased in Norway and decreased in Sweden, with the radio advertising market estimated to have grown in Norway and declined in Sweden.

Operating expenses increased by 2%, primarily reflecting inflation in content costs and adverse currency exchange rate movements, which were largely offset by lower personnel expenses, reduced content investments and the effects of the write-downs and provisions in Q2. Operating income before ACI and IAC was up 21%.

Nordics – organic sales growth



Nordics – Viaplay subscriber base



International

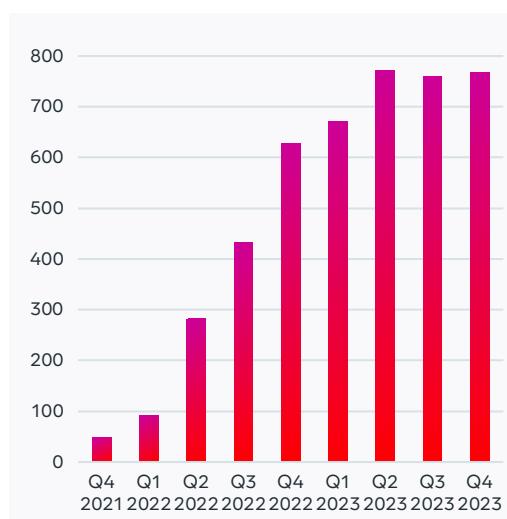
| (SEKm) | Q4 2023 | Q4 2022 | Reported change % | Organic sales growth % | Full year 2023 | Full year 2022 | Reported change % | Organic sales growth % |
|--|--------------|--------------|-------------------------|------------------------------|----------------------|----------------------|-------------------------|------------------------------|
| Viaplay | 767 | 628 | 22.1% | 12.4% | 2,970 | 1,434 | 107.1% | 72.3% |
| Net sales | 767 | 628 | 22.1% | 12.4% | 2,970 | 1,434 | 107.1% | 72.3% |
| Operating expenses | -1,162 | -1,048 | -10.9% | | -4,641 | -2,817 | -64.7% | |
| Operating income before ACI and IAC | -395 | -420 | 6.0% | | -1,671 | -1,383 | -20.8% | |
| Operating margin before ACI and IAC (%) | n.a | n.a | - | | n.a | n.a | - | |
| Viaplay subscribers ('000) | 2,396 | 2,694 | -11.1% | | 2,396 | 2,694 | -11.1% | |

Viaplay's organic sales growth of 12% was mainly driven by price increases across almost all international markets, as well as increased Viaplay Select sales. The decrease in the subscriber base quarter-on-quarter was mainly driven by seasonal churn in the Netherlands. The year-on-year decline of 298k subscribers was primarily due to the termination of unprofitable marketing campaigns as announced in connection with the Q2 report, higher churn levels and general uncertainty in the international markets that Viaplay Group plans to exit.

The 11% year-on-year rise in operating expenses reflected the Group's previous investments in sports rights, and the expansion of Viaplay Select, which were offset to some extent by reductions in marketing and personnel expenses, as well as the effects of the write-downs and provisions in Q2. Operating income before ACI and IAC improved by 6%.

International – net sales

(SEKm)



International – Viaplay subscriber base

(thousands)



Parent company

Viaplay Group AB is the Group's parent company and is responsible for Group-wide management, administration and financing. Net sales for the parent company amounted to SEK 70m (94). Income before tax amounted to SEK 48m (80), and net income for the period amounted to SEK 96m (90). Shares and participations in Group companies have increased as an effect of capital contributions to subsidiaries made during the quarter. The income statement and balance sheet for the parent company are presented on page 13.

Sustainability

The Group's sustainability work was recognised by its inclusion in the Dow Jones Sustainability World and Europe Indices, and the ratings by Morningstar Sustainalytics – both for the third consecutive year.

DJSI ranked Viaplay Group in the top 10% of companies in its industry globally, while Sustainalytics ranked Viaplay Gorup in the top 2% of companies in its industry globally. The Group has also maintained its AA rating by Morgan Stanley Capital International and participated in the Carbon Disclosure Project for the first time.

The Group is conducting a double materiality assessment and undertaking a review of its sustainability strategy, in order to ensure alignment with the Group's revised strategy and business plan, and to prepare for the Corporate Sustainability Reporting Directive.

Viaplay Group has continued to strengthen its risk management framework, as part of its Ethics and Compliance programme, by establishing a centralised third-party risk management screening process for suppliers and business partners, which is being rolled out on a groupwide basis during 2024.

Financial targets

Viaplay Group updated its operational and financial targets in conjunction with the publication of the prospectus related to its equity issues on 16 January 2024. These targets are unchanged and as follows:

Full year 2024

| | |
|--|--|
| Net sales for core Nordic, Netherlands, and Viaplay Select operations | SEK 17.2-17.8 billion |
| Operating income before ACI & IAC for core Nordic, Netherlands and Viaplay Select operations | Between a loss of SEK 250 million and a profit of SEK 50 million |
| Group free cash flow ¹⁾ | Negative SEK 1.7-2.2 billion, including negative SEK 0.6-0.8 billion for the non-core International operations |

1) *Cash flow from operating activities plus cash flow from investing activities excluding acquisitions and divestments of operations.*

The Group's non-core international operations (Baltics, Poland, UK, North America) are expected to contribute sales of approximately SEK 0.8-1.0 billion in 2024. The UK based Premier Sports business is in the process of being sold, with the transaction expected to close in Q1 2024, and the North American D2C operations are being closed down in Q1 2024. Starting 1 February, Viaplay's full live sports portfolio in the Baltic region has been sublicensed to a third party, with direct Viaplay subscribers in the three countries to be transferred during March. Viaplay Group will exit the Polish market in summer 2025. The majority of the costs for these non-core international operations have now been written down but will continue to be included in the Group's cashflows (as in the table above). Consequently, these operations are expected to report an operating loss of approximately SEK 0.1 billion in 2024.

Risks & uncertainties

Significant risks and uncertainties exist for the Group and the parent company and are described in the Group's 2022 Annual & Sustainability report on pages 29-37, as well as in the Group's prospectus published on 16 January 2024. These factors include, for example, the prevailing economic and business environments in each of the Group's markets; commercial risks related to recent expansions; political and legislative risks related to changes in rules and regulations in the various territories in which the Group operates; exposure to foreign exchange rate movements; changes in the ability to access capital markets; and the competition for subscribers, audiences, content and talent. The increasing shift towards online entertainment consumption and the Group's expansion also make the Group a potential target for cyber-attacks, intrusions, disruptions or denials of service.

Global macro-economic developments, with increased inflation and interest rates, put pressure on both companies and consumers. As a result of these factors, several previously identified risks have materialised. Consequently, the Group announced a new strategy and plan in July 2023, which includes focusing on its core Nordic, Netherlands and Viaplay Select operations; implementing a new operational model; downsizing, partnering or exiting its other international markets; rightsizing and pricing its product offering in the Nordics to drive growth, reduce churn and increase lifetime value; continuously reviewing its cost base; and conducting an immediate strategic review to consider all available options.

During the second half of 2023, Viaplay Group worked together with its advisors, largest shareholders, debt providers and bondholders to agree on a recapitalisation programme to address its covenant and funding challenges. The Group finalised its recapitalisation programme on 9 February 2024 and received SEK 4 billion of proceeds before transaction costs (see note 8 regarding Significant events after the reporting period). The implementation of the new strategy and plan announced in July 2023 is ongoing and there is a risk that the plan does not materialise as intended, which could impact the Group's financial position, access to capital and ability to meet its obligations. Both during and following the recapitalisation programme, the Group has not been able to execute new currency forward contracts with its financial counterparties, resulting in an increased proportion of unhedged currency exposure. Viaplay Group monitors each of these situations closely and acts accordingly.

Other information

Significant events during and after the quarter

- > 1 December – Viaplay Group announces comprehensive recapitalisation programme
- > 6 December - Viaplay Group publishes notices of bondholders' meeting
- > 11 December – Viaplay Group publishes Notices to Extraordinary General Meeting
- > 21 December – Viaplay Group announces voting support ahead of bondholder meetings
- > 8 January - Viaplay Group receives approval from bondholders in key recapitalisation step
- > 10 January - Viaplay Group's Extraordinary General Meeting approves all proposed resolutions including sale of Paprika content production business
- > 11 January - Viaplay Group appoints Roger Lodewick as SVP and CEO of Viaplay Netherlands
- > 12 January - Viaplay Group renews UFC rights in Nordics in a multi-year deal
- > 16 January - Viaplay Group publishes prospectus and provides trading update
- > 1 February - Viaplay Group and TV3 Group enter Baltic agreement
- > 5 February - Viaplay Group Rights Issue oversubscribed
- > 9 February - Viaplay Group successfully completes comprehensive recapitalisation programme

A full list of announcements and reports can be found at www.viaplaygroup.com

Stockholm, 22 February 2024

Jørgen Madsen Lindemann
President & CEO

This report has not been reviewed by the Group's auditors.

Financial statements

Condensed consolidated income statement

| (SEKm) | Q4 | Q4 | Full | Full |
|---|---------------|-------------|----------------|--------------|
| | 2023 | 2022 | year 2023 | year 2022 |
| Net sales | 4,903 | 4,670 | 18,567 | 15,691 |
| Cost of sales | -4,601 | -4,202 | -17,265 | -13,048 |
| Gross income | 302 | 468 | 1,302 | 2,643 |
| Selling and marketing expenses | -250 | -330 | -1,094 | -1,264 |
| General and administrative expenses | -389 | -510 | -1,545 | -1,899 |
| Other operating income and expenses | 107 | 88 | 222 | 148 |
| Share of earnings in associated companies and joint ventures | 15 | 76 | 63 | 275 |
| Items affecting comparability | -2,648 | -86 | -9,224 | 510 |
| Operating income | -2,863 | -294 | -10,276 | 413 |
| Net financial items | -103 | -23 | -247 | -88 |
| Income before tax | -2,966 | -317 | -10,523 | 325 |
| Tax | 85 | 67 | 776 | -2 |
| Net income for the period | -2,881 | -250 | -9,747 | 323 |
| Other comprehensive income | | | | |
| Items that are or may be reclassified to profit or loss net of tax | | | | |
| Currency translation differences | -79 | 46 | -83 | 123 |
| Cash flow hedges | -149 | -166 | -174 | 108 |
| Other comprehensive income for the period | -228 | -120 | -257 | 231 |
| Total comprehensive income for the period | -3,109 | -370 | -10,004 | 554 |
| Net income for the period attributable to: | | | | |
| Equity holders of the Parent company | -2,881 | -250 | -9,747 | 323 |
| Total comprehensive income for the period attributable to: | | | | |
| Equity holders of the Parent company | -3,109 | -370 | -10,004 | 554 |
| Earnings per share | | | | |
| Basic earnings per share (SEK) | -36.83 | -3.19 | -124.61 | 4.13 |
| Diluted earnings per share (SEK) | -36.83 | -3.19 | -124.61 | 4.13 |
| Number of shares | | | | |
| Shares outstanding at the end of the period | 78,225,962 | 78,225,962 | 78,225,962 | 78,225,962 |
| Basic average number of shares outstanding | 78,225,962 | 78,225,962 | 78,225,962 | 78,137,402 |
| Diluted average number of shares outstanding | 78,225,962 | 78,225,962 | 78,225,962 | 78,225,008 |

Condensed consolidated balance sheet

| (SEKm) | 31 Dec 2023 | 31 Dec 2022 |
|---|----------------|----------------|
| Non-current assets | | |
| Intangible assets | 1,711 | 2,437 |
| Machinery, equipment and installations | 158 | 174 |
| Right-of-use assets | 251 | 335 |
| Shares and participations | 1,204 | 1,363 |
| Long-term sublease receivables | 78 | 104 |
| Deferred tax assets | 972 | 2 |
| Other long-term receivables | 21 | 92 |
| Total non-current assets | 4,395 | 4,507 |
| Current assets | | |
| Inventories | 2,911 | 5,206 |
| Accounts receivable | 1,084 | 1,218 |
| Short-term sublease receivables | 32 | 32 |
| Prepaid expenses and accrued income | 7,799 | 7,588 |
| Other current receivables | 344 | 537 |
| Cash and cash equivalents | 2,542 | 2,775 |
| Assets held for sale | 610 | - |
| Total current assets | 15,322 | 17,356 |
| Total assets | 19,717 | 21,863 |
| Equity | | |
| Equity | -1,090 | 8,911 |
| Total equity | -1,090 | 8,911 |
| Non-current liabilities | | |
| Long-term borrowings | 2,550 | 3,250 |
| Long-term lease liabilities | 308 | 394 |
| Long-term provisions | 3,235 | 143 |
| Deferred tax liabilities | 195 | 103 |
| Other non-current liabilities | 15 | 9 |
| Total non-current liabilities | 6,303 | 3,899 |
| Current liabilities | | |
| Short-term borrowings | 4,700 | 650 |
| Short-term lease liabilities | 93 | 119 |
| Short-term provisions | 797 | 55 |
| Other current liabilities | 8,467 | 8,229 |
| Liabilities related to assets held for sale | 447 | - |
| Total current liabilities | 14,504 | 9,053 |
| Total liabilities | 20,807 | 12,952 |
| Total shareholders' equity and liabilities | 19,717 | 21,863 |

Condensed consolidated statement of cash flow

| (SEKm) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|--|---------------|--------------|----------------------|----------------------|
| Operating activities | | | | |
| Net income for the period | -2,881 | -250 | -9,747 | 323 |
| Dividends from associated companies and joint ventures | - | 200 | 100 | 300 |
| Depreciation, amortisation and write-down | 74 | 74 | 301 | 270 |
| Adjustment for IAC | 2,648 | - | 9,180 | - |
| Other adjustments incl deferred tax | -242 | -126 | -1,276 | -589 |
| Cash flow from operations, excluding changes in working capital | -401 | -102 | -1,442 | 304 |
| Changes in working capital | -1,224 | -345 | -1,906 | -3,305 |
| Cash flow from operating activities | -1,625 | -447 | -3,348 | -3,001 |
| Investing activities | | | | |
| Acquisitions of operations | - | -387 | - | -387 |
| Divestments of operations | 5 | - | 5 | - |
| Capital expenditures in tangible and intangible assets | -21 | -58 | -159 | -186 |
| Other cash flow from investing activities | 6 | 5 | 17 | 71 |
| Cash flow from investing activities | -10 | -440 | -137 | -502 |
| Financing activities | | | | |
| New borrowings | 2,500 | 500 | 4,985 | 1,400 |
| Amortisation of borrowings | - | - | -1,635 | -800 |
| Net change in leases | -15 | -19 | -82 | -72 |
| Other cash flow from financing activities | 15 | 96 | 21 | 7 |
| Cash flow from financing activities | 2,500 | 577 | 3,289 | 535 |
| Change in cash and cash equivalents for the period | 865 | -310 | -196 | -2,968 |
| Cash and cash equivalents at the beginning of the period | 1,724 | 3,065 | 2,775 | 5,702 |
| Translation differences in cash and cash equivalents | -20 | 20 | -10 | 41 |
| Cash and cash equivalents at end of the period | 2,569 | 2,775 | 2,569 | 2,775 |
| Cash and cash equivalents included in assets held for sale | -27 | - | -27 | - |
| Cash and cash equivalents at end of the period, continuing | 2,542 | 2,775 | 2,542 | 2,775 |

Condensed consolidated statement of changes in equity

| (SEKm) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|--|---------------|--------------|----------------------|----------------------|
| Opening balance | 2,014 | 9,273 | 8,911 | 8,323 |
| Net income for the period | -2,881 | -250 | -9,747 | 323 |
| Other comprehensive income for the period | -228 | -120 | -257 | 231 |
| Total comprehensive income for the period | -3,109 | -370 | -10,004 | 554 |
| Effect of share based programmes | 5 | 8 | 3 | 34 |
| Closing balance | -1,090 | 8,911 | -1,090 | 8,911 |

Parent company condensed income statement

| (SEKm) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|--|------------|------------|----------------------|----------------------|
| Net sales | 70 | 94 | 96 | 123 |
| General and administrative expenses | -62 | -83 | -182 | -298 |
| Other operating income and expenses | - | - | 1 | 1 |
| Items affecting comparability | 3 | - | -67 | - |
| Operating income | 11 | 11 | -152 | -174 |
| Net financial items | 37 | 69 | 280 | 138 |
| Income before tax | 48 | 80 | 128 | -36 |
| Tax | 48 | 10 | 31 | 36 |
| Net income for the period | 96 | 90 | 159 | - |
| Other comprehensive income | | | | |
| Items that are or may be reclassified to profit or loss net of tax | | | | |
| Cash flow hedges | -10 | - | -2 | -2 |
| Other comprehensive income for the period | -10 | - | -2 | -2 |
| Total comprehensive income for the period | 86 | 90 | 157 | -2 |

Parent company condensed balance sheet

| (SEKm) | 31 Dec 2023 | 31 Dec 2022 |
|--|----------------|----------------|
| Non-current assets | | |
| Shares and participations in Group companies | 5,925 | 223 |
| Long-term receivables from Group companies | 3,005 | 9,053 |
| Other long-term receivables | 74 | 40 |
| Total non-current assets | 9,004 | 9,316 |
| Current assets | | |
| Short-term receivables from Group companies | 6,968 | 2,919 |
| Other current receivables | 205 | 278 |
| Cash and bank | 2,428 | 2,610 |
| Total current assets | 9,601 | 5,807 |
| Total assets | 18,605 | 15,123 |
| Equity | | |
| Restricted equity | 158 | 157 |
| Non-restricted equity | 6,638 | 6,479 |
| Total equity | 6,796 | 6,636 |
| Provisions | | |
| Provisions | 19 | - |
| Total provisions | 19 | - |
| Non-current liabilities | | |
| Long-term borrowings | 2,550 | 3,250 |
| Other non-current liabilities | 14 | 9 |
| Total non-current liabilities | 2,564 | 3,259 |
| Current liabilities | | |
| Short-term borrowings | 4,700 | 650 |
| Liabilities to Group companies | 4,240 | 4,163 |
| Other current liabilities | 286 | 415 |
| Total current liabilities | 9,226 | 5,228 |
| Total equity and liabilities | 18,605 | 15,123 |

Notes

Note 1 – Accounting policies

This Interim report has been prepared according to 'IAS 34 Interim Financial Reporting' and 'The Annual Accounts Act'. The interim report for the parent company has been prepared according to the Annual Accounts Act – Chapter 9 'Interim Report'.

The Group's financial accounts and the parent company accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2022 Annual & Sustainability Report. Disclosures in accordance with IAS 34.16A are presented in the financial statements and their accompanying notes, as well as in other parts of the interim report.

In December 2022 the Group changed its operational model, introducing commercial regions to the Group's existing functional set-up, with the ambition to strengthen regional focus and bring the business closer to the customer. The new structure was fully operational from 1 January 2023, and the Group introduced reporting by two operating segments, Nordics and International, as disclosed in Note 2. The change in the Group's operating model from July 2023 has not impacted how the segments are reported.

Assumptions and estimates including going concern

The preparation of the interim report requires Viaplay Group to update assessments and estimates, and make assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities as well as income and expenses, where the underlying risks have been described on page 8-9 of this interim report. The actual outcome may differ from these estimates and judgements. The critical assessments and sources of uncertainty in estimates are overall the same as those described in note 2 in the 2022 Annual & Sustainability report, however, the prevailing economic and business environments in each of the Group's markets have had a significant effect on these assessments. Historically the Group has expensed programme rights evenly over a license period, however as from H2 2023 the Group has, based on historic and expected viewing, prospectively expensed its scripted content on an accelerated basis with a larger part of costs charged in the first year and remaining part over the license period or a maximum of 5 years.

During 2023 the Group's result have been impacted by a number of factors, that are also continuing to impact results moving forward. These include significantly lower than expected demand in the Nordic and international streaming D2C subscriber markets; lower than expected wholesale subscription sales by linear distribution partners; weaker advertising markets; and adverse currency exchange rates due to the strengthening of currencies in which the Group has costs against the Swedish Krona. Furthermore, the largely fixed nature of the Group's cost base is creating negative earnings impacts when net sales growth initiatives and cost saving programmes are insufficient to offset growth in the cost base.

In July 2023, the Group announced a new strategy and plan to offset these above effects. These included, but were not limited to, focusing on its core Nordic, Netherlands and Viaplay Select operations; implementing a new operational model; downsizing, partnering or exiting its other international markets; rightsizing and pricing its product offering in the Nordics; undertaking a major cost reduction programme; and conducting an immediate strategic review to consider all options available. These actions resulted in IAC of SEK 6,279m in the Q2 results, SEK 253m in the Q3 results and SEK 2,648m in the Q4 results.

During the second half of 2023, Viaplay Group has, together with its advisors, worked intensely with its largest shareholders, debt providers and bondholders to agree on a recapitalisation to address its bank covenant and funding challenges. In addition, the Group has implemented self-help measures, new commercial agreements with rightsholders and programmes to reduce operating expenses. A pivotal component for the recapitalisation has been

the new capital injection of SEK 4 billion. Following extensive negotiations and discussions with its key stakeholders, Viaplay Group announced the following programme on 1 December 2023:

- Share issues of 4 billion new Class B Shares at a subscription price of SEK 1.00 per share, corresponding to SEK 4 billion of gross proceeds through (a) the Rights Issue of SEK 0.9 billion, and (b) the Directed Issue of SEK 3.1 billion.
- A restructuring of Viaplay Group's financing including a SEK 2 billion write-down of existing debt obligations, of which SEK 0.5 billion has been converted into equity; an amendment and extension of existing bank and bond commitments totalling SEK 14.6 billion; and a range of self-help measures to improve Viaplay Group's liquidity and profitability.

The directed issue, the rights issue and the debt-to-equity issue were approved at an extraordinary general meeting of Viaplay Group 10 January 2024. The recapitalisation programme was successfully implemented and finalised on 9 February 2024 and the consolidated equity in the Group has accordingly been strengthened by approximately SEK 6 billion before transaction costs, of which approximately SEK 3.6 billion has been received in cash net of transaction costs. Based on the successful completion of the recapitalisation programme, the Board of Directors has concluded that the, in Q2 and Q3, reported material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern has been mitigated. However, the implementation of the new strategy is ongoing and subject to execution risk and there is a risk that the plan does not materialise as intended, which in the future could impact the Group's financial position, access to capital and ability to meet its obligations. On this basis, the Board of Directors have assessed the Group's ability to continue as a going concern based on the Group's ability to meet its obligations as they fall due for at least 12 months after this interim report is published. The consolidated financial statements for the period ending 31 December 2023 have been prepared based on the going concern assumption.

Note 2 – Operating Segments

The Group's reporting of two operating segments, Nordics and International, is primarily based on its customers' geographical domicile. The reporting reflects the Group's operational structure and how the performance in the Group is internally monitored, reported, and followed up upon by the Chief Operating Decision Maker (CODM). The CEO is identified as the CODM of the Group.

Nordics

The Nordics segment includes the Group's operations related to the Viaplay streaming service available in all Nordic countries, pay-TV channels in all Nordic countries except Iceland; commercial free-TV channels in Sweden, Denmark and Norway; and commercial radio networks and audio streaming services in Sweden and Norway. The segment also includes Viaplay Studios, which primarily focuses on delivering original content for Viaplay.

International

The International segment includes the Group's streaming service Viaplay and sales in the regions of Continental Europe, the Baltics, the UK and North America. The segment also includes the Group's Viaplay Select branded content business, which makes curated content available through partner platforms in selected markets.

Reconciliation segment reporting

| (SEKm) | Nordics | | International | | Total Group | |
|--|------------|------------|---------------|-------------|---------------|-------------|
| | Q4 2023 | Q4 2022 | Q4 2023 | Q4 2022 | Q4 2023 | Q4 2022 |
| Net sales | 4,136 | 4,042 | 767 | 628 | 4,903 | 4,670 |
| Operating expenses | -3,971 | -3,906 | -1,162 | -1,048 | -5,133 | -4,954 |
| Operating income before ACI and IAC | 165 | 136 | -395 | -420 | -230 | -284 |
| Associated company income (ACI) | | | | | 15 | 76 |
| Items affecting comparability (IAC) | | | | | -2,648 | -86 |
| Operating income | | | | | -2,863 | -294 |
| Net financial items | | | | | -103 | -23 |
| Tax | | | | | 85 | 67 |
| Net income | | | | | -2,881 | -250 |

| (SEKm) | Nordics | | International | | Total Group | |
|--|------------|--------------|---------------|---------------|----------------|-------------|
| | Full year | Full year | Full year | Full year | Full year | Full year |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net sales | 15,597 | 14,257 | 2,970 | 1,434 | 18,567 | 15,691 |
| Operating expenses | -15,041 | -13,246 | -4,641 | -2,817 | -19,682 | -16,063 |
| Operating income before ACI and IAC | 556 | 1,011 | -1,671 | -1,383 | -1,115 | -372 |
| Associated company income (ACI) | | | | | 63 | 275 |
| Items affecting comparability (IAC) | | | | | -9,224 | 510 |
| Operating income | | | | | -10,276 | 413 |
| Net financial items | | | | | -247 | -88 |
| Tax | | | | | 776 | -2 |
| Net income | | | | | -9,747 | 323 |

Disaggregation of revenue

| Sales by category (SEKm) | | | | | Full | Full |
|-------------------------------------|--------------------|--------------|---------------|---------------|---------------|------|
| | Q4 | Q4 | year | year | 2023 | 2022 |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Viaplay | 2,362 | 2,227 | 9,505 | 6,969 | | |
| Linear subscription & other | 1,499 | 1,362 | 5,513 | 4,914 | | |
| Advertising | 1,042 | 1,081 | 3,549 | 3,808 | | |
| Total | 4,903 | 4,670 | 18,567 | 15,691 | | |
| Revenue by revenue stream (SEKm) | | | | | Full | Full |
| | Q4 | Q4 | year | year | 2023 | 2022 |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Subscription | 3,233 | 3,170 | 13,228 | 10,841 | | |
| Advertising | 1,055 | 1,102 | 3,604 | 3,837 | | |
| Licenses, royalties and other | 477 | 250 | 1,319 | 657 | | |
| Production | 138 | 148 | 416 | 356 | | |
| Total | 4,903 | 4,670 | 18,567 | 15,691 | | |
| Revenue recognition | | | | | Full | Full |
| | At a point in time | Over time | year | year | 2023 | 2022 |
| | | | 2023 | 2022 | 2023 | 2022 |
| At a point in time | | 477 | 250 | 1,319 | 657 | |
| Over time | | 4,426 | 4,420 | 17,248 | 15,034 | |
| Total | | 4,903 | 4,670 | 18,567 | 15,691 | |

Note 3 – Income from associated company Allente

Allente's net sales and subscribers declined in the quarter. Allente's operating income included SEK 0m (-1) of items affecting comparability. Amortisation and depreciation charges for the period included SEK 107m (112) of PPA-related charges. Viaplay Group's 50% share of Allente's net income of SEK 28m amounted to SEK 14m.

| (SEKm) | Q4 | Q4 | Full | Full |
|--|------------|------------|--------------|--------------|
| | 2023 | 2022 | year 2023 | year 2022 |
| Net sales | 1,643 | 1,735 | 6,610 | 6,808 |
| EBITDA before IAC | 242 | 362 | 874 | 1,264 |
| Depreciation and amortisation | -127 | -139 | -513 | -463 |
| Operating income before IAC | 115 | 223 | 361 | 801 |
| Items affecting comparability (IAC) | - | -1 | -30 | -22 |
| Operating income | 115 | 222 | 331 | 779 |
| Financial items | -48 | -29 | -128 | -65 |
| Tax | -40 | -37 | -69 | -150 |
| Net income for the period | 28 | 156 | 134 | 564 |
| Viaplay Group 50% share of net income for the period | 14 | 78 | 67 | 282 |
| Net debt | 1,626 | 1,938 | 1,626 | 1,938 |
| Total subscribers (thousand) | 943 | 1,040 | 943 | 1,040 |

Note 4 – Acquired operations

Viaplay Group announced an agreement to acquire Premier Sports on 21 July 2022. Premier Sports operates a sports streaming service and TV channels, which are available across the UK. The acquisition was finalised on 21 October 2022. The purchase price amounted to SEK 387m on a cash and debt-free basis. The purchase price allocation resulted in a surplus value of SEK 443m, which was allocated to goodwill. During 2023 the goodwill was impaired and the business is in process of being divested.

Note 5 – Assets held for sale

An agreement has been reached to sell the UK operations (previously Premier Sports). The transaction is subject to regulatory approval and is estimated to be finalised during Q1 2024. The divestment of Paprika Holding AB, including its direct and indirect subsidiaries in Central and Eastern Europe ("Paprika Group"), was finalised on 19 January 2024. At year-end 2023 the UK operations and Paprika Group are classified as assets held for sale.

Net assets held for sale

| SEKm | Full year 2023 |
|--|-------------------|
| Non-current assets | 58 |
| Accounts receivable and other receivables | 525 |
| Cash and cash equivalents | 27 |
| Assets held for sale | 610 |
| Interest-bearing liabilities | -1 |
| Accounts payable and other payables | -446 |
| Liabilities related to assets held for sale | -447 |
| Net assets | 163 |

Note 6 – Number of shares

Viaplay Group AB had a total of 79,122,244 shares at the end of the period, of which 531,536 were class A shares with 10 votes each, 77,701,208 were class B shares with one vote each, and 889,500 were class C shares with one vote each. Following the issue and subsequent buy-back of 680,000 class C shares in Q1 2023, Viaplay Group held 6,782 class B shares and all 889,500 class C shares. The total number of votes in Viaplay Group amounted to 83,906,068. The total number of votes in Viaplay Group excluding 6,782 class B shares and 889,500 class C shares held in treasury amounted to 83,009,786.

| Parent company | Class A Shares | Class B Shares | Class C Shares | Total |
|--|-------------------|----------------------|-------------------|----------------------|
| Number of shares as at 31 December 2022 | 531,536 | 77,701,208 | 209,500 | 78,442,244 |
| Share issue | - | - | 680,000 | 680,000 |
| Number of shares at 31 December 2023 | 531,536 | 77,701,208 | 889,500 | 79,122,244 |
| Of which treasury shares | - | -6,782 | -889,500 | -896,282 |
| Number of shares excl treasury shares as at 31 December 2023 | 531,536 | 77,694,426 | - | 78,225,962 |
| Number of shares at 31 December 2023 | 531,536 | 77,701,208 | 889,500 | 79,122,244 |
| Share issues (directed issue, rights issue and debt-to equity issue) | - | 4,500,000,000 | - | 4,500,000,000 |
| Number of shares at 9 February 2024 | 531,536 | 4,577,701,208 | 889,500 | 4,579,122,244 |

A directed issue, rights issue and the debt-to-equity issue were approved at an extraordinary general meeting of Viaplay Group 10 January 2024. The EGM also resolved on certain measures to lower the quota value from SEK 2.00 to SEK 0.06 per share. The share issues were finalised 9 February 2024 and number of shares increased with 4,500,000,000 to 4,579,122,244.

Note 7 – Related party transactions

The Group has related party relationships between its subsidiaries, associated companies and joint ventures. All related party transactions are based on market terms and negotiated on an arm's length basis.

Note 8 – Significant events after the reporting period

Sale of Paprika Holding

At the Extraordinary General meeting on 10 January 2024, the EGM resolved, in accordance with the Board of Directors' proposal, on an approval for Viaplay Group's wholly owned subsidiary, Viaplay Studios AB, to dispose all shares in Paprika Holding AB, including its direct and indirect subsidiaries in Central and Eastern Europe ("Paprika Group"), to Poblano Kft. The total purchase price under the share purchase agreement amounts to approximately SEK 62 million on a cash and debt-free basis. The sale was finalized 19 January 2024 and the Paprika Group will be deconsolidated as from January 2024.

Finalisation of recapitalisation programme

On 1 December 2023, Viaplay Group announced a proposal for a comprehensive recapitalisation programme. The programme includes an equity capital injection of SEK 4 billion, by means of a SEK 3.1 billion directed share issue and a SEK 0.9 billion rights issue; a SEK 2 billion write-down of existing debt obligations, of which SEK 0.5 billion is converted into equity; an amendment and extension of existing bank and bond commitments; and a range of self-help measures to improve Viaplay Group's liquidity and profitability. The directed issue, the rights issue and the debt-to-equity issue were approved at the extraordinary general meeting of Viaplay Group on 10 January 2024.

The payment for the issued shares offered in the rights issue and the directed issue were received 9 February 2024. This resulted in proceeds of SEK 4 billion before deduction of transaction costs. The equity capital injection and the write-down of debt-obligation improved the equity in the Group by SEK 6 billion before transaction costs. The full effect on the Group's consolidated accounts will be included in Viaplay Group's Q1 Report 2024.

Group performance data

| (SEKm) | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY |
|---|--------------|--------------|--------------|--------------|---------------|--------------|---------------|--------------|---------------|----------------|
| | 2022 | 2022 | 2022 | 2022 | 2022 | 2023 | 2023 | 2023 | 2023 | 2023 |
| Viaplay | 1,211 | 1,288 | 1,437 | 1,599 | 5,535 | 1,682 | 1,651 | 1,607 | 1,595 | 6,535 |
| Linear subscription & other | 1,146 | 1,149 | 1,257 | 1,362 | 4,914 | 1,313 | 1,313 | 1,389 | 1,499 | 5,513 |
| Advertising | 876 | 1,006 | 845 | 1,081 | 3,808 | 871 | 856 | 780 | 1,042 | 3,549 |
| Nordics sales | 3,233 | 3,442 | 3,539 | 4,042 | 14,257 | 3,866 | 3,820 | 3,776 | 4,136 | 15,597 |
| International (Viaplay) sales | 91 | 282 | 433 | 628 | 1,434 | 671 | 771 | 760 | 767 | 2,970 |
| Total net sales | 3,324 | 3,725 | 3,972 | 4,670 | 15,691 | 4,537 | 4,591 | 4,536 | 4,903 | 18,567 |
| Reported sales growth | 11.5% | 21.3% | 30.0% | 31.4% | 23.9% | 36.5% | 23.2% | 14.2% | 5.0% | 18.3% |
| Nordics organic sales growth | 6.9% | 9.6% | 12.0% | 10.3% | 9.7% | 17.0% | 8.0% | 3.3% | 2.0% | 7.2% |
| International organic sales growth | n.a | n.a | n.a | n.a | n.a | n.a | 115.2% | 40.2% | 12.4% | 72.3% |
| Organic sales growth | 9.9% | 18.4% | 25.4% | 23.9% | 19.7% | 30.3% | 16.1% | 7.4% | 3.4% | 13.2% |
| Nordics operating income before ACI and IAC | 256 | 371 | 248 | 136 | 1,011 | 163 | 208 | 19 | 165 | 556 |
| International operating income before ACI and IAC | -305 | -239 | -419 | -420 | -1,383 | -454 | -481 | -340 | -395 | -1,671 |
| Operating income before ACI and IAC | -49 | 132 | -171 | -284 | -372 | -291 | -273 | -321 | -230 | -1,115 |
| Associated company income (ACI) | 55 | 73 | 71 | 76 | 275 | 10 | 2 | 36 | 15 | 63 |
| Items affecting comparability (IAC) | 595 | - | - | -86 | 510 | -44 | -6,279 | -253 | -2,648 | -9,224 |
| Operating income | 602 | 205 | -100 | -294 | 413 | -325 | -6,551 | -538 | -2,863 | -10,276 |
| Net income for the period | 483 | 175 | -86 | -250 | 323 | -288 | -5,886 | -693 | -2,881 | -9,747 |
| Basic earnings per share (SEK) | 6.20 | 2.25 | -1.10 | -3.19 | 4.13 | -3.68 | -75.24 | -8.85 | -36.83 | -124.61 |
| Nordics operating margin before ACI and IAC | 7.9% | 10.8% | 7.0% | 3.4% | 7.1% | 4.2% | 5.4% | 0.5% | 4.0% | 3.6% |
| International operating margin before ACI and IAC | n.a | n.a | n.a | n.a | n.a | n.a | n.a | n.a | n.a | n.a |
| Operating margin before ACI and IAC | -1.5% | 3.5% | -4.3% | -6.1% | -2.4% | -6.4% | -5.9% | -7.1% | -4.7% | -6.0% |
| Operating margin | 18.1% | 5.5% | -2.5% | -6.3% | 2.6% | -7.2% | -142.7% | -11.9% | -58.4% | -55.3% |
| Net debt | -1,107 | -1,636 | 546 | 1,482 | 1,482 | 2,516 | 2,229 | 3,328 | 4,976 | 4,976 |
| Net debt/EBITDA before IAC | -1.4 | -2.3 | 1.2 | 8.6 | 8.6 | -24.4 | -3.9 | -4.5 | -6.6 | -6.6 |
| ROCE adjusted % | 6.6% | 5.7% | 2.4% | -1.2% | -1.2% | -4.1% | -9.8% | -12.6% | -14.8% | -14.8% |
| Nordics subscribers ('000s) | 3,576 | 4,034 | 4,229 | 4,625 | - | 4,738 | 4,070 | 4,144 | 4,106 | - |
| International subscribers ('000s) | 1,208 | 1,515 | 2,200 | 2,694 | - | 2,905 | 2,561 | 2,520 | 2,396 | - |
| Total Viaplay subscriber base ('000s) | 4,783 | 5,549 | 6,428 | 7,318 | - | 7,643 | 6,631 | 6,664 | 6,502 | - |
| CSOV Sweden (25-59) | 21.3% | 22.2% | 20.1% | 17.8% | 20.3% | 24.1% | 19.3% | 25.6% | 21.5% | 22.4% |
| CSOV Norway (25-59) | 16.6% | 19.9% | 17.6% | 20.7% | 18.9% | 19.4% | 16.6% | 16.8% | 22.2% | 19.0% |
| CSOV Denmark (25-59) | 19.0% | 19.8% | 18.5% | 21.1% | 19.6% | 20.3% | 22.1% | 21.2% | 22.6% | 21.5% |
| CSOL Sweden (12-79) | 43.5% | 44.7% | 43.7% | 43.9% | 44.1% | 44.7% | 43.3% | 44.2% | 39.1% | 42.8% |
| CSOL Norway (10+) | 69.7% | 68.1% | 67.5% | 64.7% | 67.5% | 66.0% | 65.3% | 67.3% | 65.8% | 66.2% |

Alternative Performance Measures

Below follows so-called alternative performance measures, i.e., financial measures that are not defined under IFRS. Viaplay Group believes that these alternative performance measures combined with other measures that are defined in accordance with IFRS contribute to the understanding of trends related to financial performance, return on investment and indebtedness and are useful information to investors.

An alternative performance measure is defined as a financial measure of historical or future financial performance, financial position or cash flows other than a financial measure defined or specified in the applicable financial reporting framework. These alternative performance measures should not be considered in isolation or as an alternative to performance measures defined in accordance with IFRS. In addition, such measures, as defined by Viaplay Group, may not be comparable to other similarly titled measures used by other companies.

Viaplay Group is using the following Alternative Performance Measures:

- > Reported sales growth and organic sales growth
- > Operating income before associated company income (ACI) and items affecting comparability (IAC)
- > Operating income before IAC
- > Net debt and Net debt/EBITDA before IAC
- > Capital Employed and Return on Capital Employed (ROCE) adjusted %
- > Free cash flow

The following tables provide an explanation of the use and reconciliation of alternative performance measures.

Reconciliation of reported sales growth and organic sales growth

Since the Group generates the majority of its sales in currencies other than its reporting currency (SEK, Swedish Krona), and the fact that currency rates have proven to be rather volatile, and due to the fact that the Group has historically made several acquisitions and divestments, the Group's sales trends and performance are analysed as changes in organic sales growth. This presents the increase or decrease in the overall SEK net sales on a comparable basis, allowing for separate discussion of the impact of acquisitions/divestments and exchange rates.

Year on year organic sales growth, i.e. sales growth adjusted for acquisitions/divestments and changes in FX rates, amounted to 3.4% in Q4 2023.

Sales growth

| Q4 (SEKm) | Reported Net sales | Acquisitions/ divestments | Net sales adjusted for acquisitions/ divestments | Changes in FX rates | Net sales adjusted for acquisitions/ divestments and changes in FX rates (organic sales) |
|----------------------|--------------------|------------------------------|--|------------------------|--|
| Nordics | | | | | |
| 2023 | 4,136 | - | 4,136 | -12 | 4,124 |
| 2022 | 4,042 | - | 4,042 | - | 4,042 |
| Growth | 94 | | 94 | | 82 |
| Growth % | 2.3% | | 2.3% | | 2.0% |
| International | | | | | |
| 2023 | 767 | -26 | 741 | -35 | 706 |
| 2022 | 628 | | 628 | - | 628 |
| Growth | 139 | | 113 | | 78 |
| Growth % | 22.1% | | 18.0% | | 12.4% |
| Total | | | | | |
| 2023 | 4,903 | -26 | 4,877 | -47 | 4,830 |
| 2022 | 4,670 | - | 4,670 | - | 4,670 |
| Growth | 233 | | 207 | | 160 |
| Growth % | 5.0% | | 4.4% | | 3.4% |

| Full year (SEKm) | Reported Net sales | Acquisitions/ divestments | Net sales adjusted for acquisitions/ divestments | Changes in FX rates | Net Sales adjusted for acquisitions/ divestments and changes in FX rates (organic sales) |
|----------------------|--------------------|------------------------------|--|------------------------|--|
| Nordics | | | | | |
| 2023 | 15,597 | - | 15,597 | -313 | 15,284 |
| 2022 | 14,257 | - | 14,257 | - | 14,257 |
| Growth | 1,340 | | 1,340 | | 1,027 |
| Growth % | 9.4% | | 9.4% | | 7.2% |
| International | | | | | |
| 2023 | 2,970 | -289 | 2,681 | -210 | 2,471 |
| 2022 | 1,434 | - | 1,434 | - | 1,434 |
| Growth | 1,536 | | 1,247 | | 1,037 |
| Growth % | 107.1% | | 87.0% | | 72.3% |
| Total | | | | | |
| 2023 | 18,567 | -289 | 18,278 | -523 | 17,755 |
| 2022 | 15,691 | - | 15,691 | - | 15,691 |
| Growth | 2,876 | | 2,587 | | 2,064 |
| Growth % | 18.3% | | 16.5% | | 13.2% |

Reconciliation of operating income before associated company income (ACI) and items affecting comparability (IAC)

Operating income before associated company income (ACI) and items affecting comparability (IAC) refers to operating income after the reversal of the Group's share of associated company's and joint ventures net income and reversal of material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis. This measure is used by management to follow and analyse the underlying profits, and to offer more comparable figures between periods.

Operating income before IAC and associated company income

| (SEKm) | Q4 | Q4 | Full | Full |
|--|-------------|-------------|---------------|--------------|
| | 2023 | 2022 | year 2023 | year 2022 |
| Operating income | -2,863 | -294 | -10,276 | 413 |
| Items affecting comparability (IAC) (-) | -2,648 | -86 | -9,224 | 510 |
| Operating income before IAC | -215 | -208 | -1,052 | -97 |
| Associated company income (ACI) (-) | 15 | 76 | 63 | 275 |
| Operating income before ACI and IAC | -230 | -284 | -1,115 | -372 |

Items affecting comparability

| (SEKm) | Q4 | Q4 | Full | Full |
|--|---------------|------------|---------------|--------------|
| | 2023 | 2022 | year 2023 | year 2022 |
| Exit markets - sports content (International) | -2,110 | - | -2,650 | - |
| Write-down and provision - non sports content (International) | -77 | -27 | -1,484 | -27 |
| Impairment of goodwill & other intangible assets (International) | -129 | - | -641 | - |
| Write-down and provision - non sports content (Nordics) | -35 | - | -2,268 | - |
| Write-down and provision - sports content (Nordics) | -283 | - | -1,855 | - |
| Restructuring and redundancy costs | -14 | -37 | -300 | -37 |
| Acquisition and integration cost for Premier Sports | - | -22 | -3 | -22 |
| Advisory costs | - | - | -23 | - |
| Settlement of court cases | - | - | - | 595 |
| Total | -2,648 | -86 | -9,224 | 510 |

Items affecting comparability classified by function

| (SEKm) | Q4 | Q4 | Full | Full |
|---|---------------|------------|---------------|--------------|
| | 2023 | 2022 | year 2023 | year 2022 |
| Cost of sales | -2,539 | -38 | -8,302 | -38 |
| Administrative expenses (+) | -3 | -34 | -299 | -34 |
| Other operating income and expenses (+) | -106 | -14 | -623 | 582 |
| Total | -2,648 | -86 | -9,224 | 510 |

Reconciliation of net debt/EBITDA before IAC ratio

Financial net debt refers to the sum of short- and long-term borrowings and dividends payable reduced by total cash and cash equivalent, short-term investments, interest-bearing receivables and dividend receivables. Net debt also includes lease liabilities net of sublease receivables. Net debt is used by Group management to track the indebtedness of the Group and to analyse the leverage and refinancing needs of the Group. The net debt to EBITDA before IAC ratio provides a KPI for net debt in relation to underlying cash profits generated by the business, i.e. an indication of a business' ability to pay its debts. This measure is commonly used by financial institutions to rate creditworthiness.

Net debt

| (SEKm) | 31 Mar 2022 | 30 Jun 2022 | 30 Sep 2022 | 31 Dec 2022 | 31 Mar 2023 | 30 jun 2023 | 30 sep 2023 | 31 dec 2023 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Short-term borrowings | 800 | 150 | 150 | 650 | 950 | 997 | 2,200 | 4,700 |
| Long-term borrowings (+) | 3,400 | 3,250 | 3,250 | 3,250 | 3,250 | 2,550 | 2,550 | 2,550 |
| Total financial borrowings | 4,200 | 3,400 | 3,400 | 3,900 | 4,200 | 3,547 | 4,750 | 7,250 |
| Interest bearing receivables (-) | 20 | 20 | 20 | 20 | 20 | 20 | 20 | - |
| Dividend receivable - Allente (-) | - | 100 | - | - | - | - | - | - |
| Short-term investments (-) | - | - | 100 | - | - | - | - | - |
| Cash and cash equivalents (-) | 5,642 | 5,254 | 3,065 | 2,775 | 2,007 | 1,648 | 1,724 | 2,542 |
| Cash and cash equivalents included in assets held for sale (-) | - | - | - | - | - | - | - | 27 |
| Financial net debt | -1,462 | -1,974 | 215 | 1,105 | 2,173 | 1,879 | 3,006 | 4,681 |
| Lease liabilities (+) | 508 | 487 | 479 | 513 | 483 | 483 | 453 | 401 |
| Lease liabilities included in liabilities related to assets held for sale (+) | - | - | - | - | - | - | - | 4 |
| Sublease receivables (-) | 153 | 149 | 148 | 136 | 140 | 133 | 131 | 110 |
| Total lease liabilities net | 355 | 338 | 331 | 377 | 343 | 350 | 322 | 295 |
| Net debt | -1,107 | -1,636 | 546 | 1,482 | 2,516 | 2,229 | 3,328 | 4,976 |

Net debt/EBITDA before IAC

| (SEKm) | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
|---|-------------|-------------|------------|------------|--------------|-------------|-------------|-------------|
| Operating income before IAC, continuing operations | 443 | 395 | 181 | -97 | -384 | -860 | -1,045 | -1,051 |
| Operating income before IAC, discontinued operations | 16 | 3 | 0 | - | - | - | - | - |
| Depreciation and amortisation discontinued operations ¹⁾ | 294 | 292 | 292 | 270 | 281 | 291 | 301 | 301 |
| Depreciation and amortisation discontinued operations ¹⁾ | 19 | 10 | - | - | - | - | - | - |
| EBITDA before IAC 12 months trailing | 772 | 700 | 473 | 173 | -103 | -569 | -744 | -750 |
| Net debt | -1,107 | -1,636 | 546 | 1,482 | 2,516 | 2,229 | 3,328 | 4,976 |
| Total net debt / EBITDA before IAC | -1.4 | -2.3 | 1.2 | 8.6 | -24.4 | -3.9 | -4.5 | -6.6 |

¹⁾ Refers to non-current assets only

Reconciliation of Return on Capital Employed (ROCE) adjusted %

Return on capital employed (ROCE) adjusted % is a performance measure for operating income before items affecting comparability in relation to the capital employed within the operations and is a ratio for measuring return on capital tied up in the operations. Operating income before items affecting comparability is the main profit metric that operations are responsible for and is measured before net financial items and taxes. Capital employed is the sum of certain current and non-current assets less certain current and non-current liabilities and provisions as specified in the reconciliation table below. Capital employed equals the sum of equity and net debt.

Return on Capital Employed (ROCE) adjusted %

| (SEKm) | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
|--|--------------|--------------|--------------|---------------|---------------|--------------|---------------|---------------|
| Inventories | 3,869 | 4,181 | 4,629 | 5,206 | 5,585 | 3,116 | 3,097 | 2,911 |
| Accounts receivable | 924 | 1,117 | 1,023 | 1,218 | 1,049 | 1,109 | 1,183 | 1,084 |
| Prepaid expense and accrued income | 4,888 | 6,682 | 6,979 | 7,588 | 8,366 | 8,525 | 8,051 | 7,799 |
| Other current receivables | 373 | 676 | 843 | 537 | 412 | 472 | 412 | 344 |
| Other current liabilities | -5,733 | -8,485 | -7,207 | -8,229 | -8,445 | -10,418 | -9,419 | -8,467 |
| Total working capital | 4,321 | 4,171 | 6,267 | 6,320 | 6,967 | 2,804 | 3,324 | 3,671 |
| Intangible assets | 2,001 | 1,984 | 1,972 | 2,437 | 2,400 | 1,962 | 1,939 | 1,711 |
| Machinery, equipment and installations | 168 | 162 | 163 | 174 | 180 | 176 | 173 | 158 |
| Right-of-use assets | 313 | 295 | 290 | 335 | 308 | 303 | 287 | 251 |
| Shares and participations | 1,445 | 1,382 | 1,474 | 1,363 | 1,292 | 1,214 | 1,242 | 1,204 |
| Other long-term receivables | 127 | 155 | 130 | 74 | 219 | 955 | 779 | 993 |
| Capital employed held for sale | - | - | - | - | - | - | - | 140 |
| Provisions | -255 | -270 | -239 | -198 | -210 | -2,283 | -2,343 | -4,032 |
| Other non-current liabilities | -262 | -270 | -238 | -112 | -154 | -135 | -60 | -210 |
| Other items included in the capital employed | 3,538 | 3,438 | 3,552 | 4,073 | 4,035 | 2,192 | 2,017 | 215 |
| Capital employed | 7,858 | 7,609 | 9,819 | 10,393 | 11,002 | 4,996 | 5,341 | 3,886 |
| Operating income before IAC 12 months trailing, continuing operations | 443 | 395 | 181 | -97 | -384 | -860 | -1,045 | -1,051 |
| Operating income before IAC 12 months trailing, discontinued operations | 16 | 3 | 0 | - | - | - | - | - |
| Operating income before IAC 12 months trailing, total | 459 | 398 | 181 | -97 | -384 | -860 | -1,045 | -1,051 |
| Average Capital Employed (5 quarters) | 6,916 | 6,981 | 7,673 | 8,389 | 9,337 | 8,764 | 8,310 | 7,124 |
| ROCE adjusted % | 6.6% | 5.7% | 2.4% | -1.2% | -4.1% | -9.8% | -12.6% | -14.8% |
| Assets held for sale | - | - | - | - | - | - | - | 610 |
| Cash and cash equivalents included in assets held for sale | - | - | - | - | - | - | - | -27 |
| Liabilities related to assets held for sale | - | - | - | - | - | - | - | -447 |
| Lease liability, included in liabilities related to assets held for sale | - | - | - | - | - | - | - | 4 |
| Capital employed held for sale | - | - | - | - | - | - | - | 140 |

Reconciliation of free cashflow

Free cash flow refers to the sum of cash flow from operating activities and cash flow from investing activities excluding the acquisitions and divestments of operations. The measure is used to follow and analyse cash flow for the total group. The measure is also an important measure to follow up the exit markets cashflow.

Free cashflow

| (SEKm) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|--|---------------|-------------|----------------------|----------------------|
| Cash flow from operating activities | -1,625 | -447 | -3,348 | -3,001 |
| Capital expenditures in tangible and intangible assets | -21 | -58 | -159 | -186 |
| Other cash flow from investing activities | 6 | 5 | 17 | 71 |
| Group Free cash flow | -1,640 | -500 | -3,490 | -3,116 |

Definitions

Associated company income (ACI)

Associated company income is the Group's share of the associated company's and joint ventures net income. Associated companies (excluding joint ventures) are companies in which the Group holds voting rights of at least 20% and no more than 50%. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Capital employed

Capital employed is the sum of certain current and non-current assets less certain current and non-current liabilities and provisions. Capital employed equals the sum of equity and net debt.

Commercial Share of Listening (CSOL)

CSOL comprises Viaplay Group's estimated share of commercial radio listening amongst 10+ year olds in Norway and 12-79 year olds in Sweden.

Commercial Share of Viewing (CSOV)

CSOV comprises Viaplay Group's estimated share of commercial TV viewing amongst 25-59 year olds.

EBITDA

EBITDA comprises net income before net financial items, taxes, depreciation and amortisation.

EBITDA before IAC

EBITDA after reversal of items affecting comparability.

EBITDA before ACI and IAC

EBITDA after reversal of associated company income and Items affecting comparability.

Free cash flow

Free cash flow refers to the sum of cash flow from operating activities and cash flow from investing activities excluding the acquisitions and divestments of operations.

Items Affecting Comparability (IAC)

Items Affecting Comparability refer to material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis.

Net debt

Financial net debt is the sum of short and long-term borrowings and dividends payable reduced by total cash and cash equivalent, short-term investments, interest-bearing receivables and dividend receivable. Net debt also includes lease liabilities net of sublease receivables. A negative figure indicates that the Group has a net cash position (cash in excess of interest-bearing liabilities).

Net debt/EBITDA before IAC

Net debt in relation to EBITDA before IAC for the last 12 months.

Operating income

Operating income comprises net income before net financial items and taxes, otherwise known as EBIT (reads Earnings Before Interest and Taxes).

Operating margin

Operating income as a percentage of net sales.

Operating income before IAC

Operating income after reversal of items affecting comparability.

Operating income before ACI and IAC

Operating income after reversal of associated company income and items affecting comparability.



Organic sales growth

Organic sales growth is the change in net sales compared to the same period of the previous year excluding acquisitions and divestments and adjusted for currency translation and transaction effects.

Reported sales growth

Change in net sales compared to the same period of the previous year in percentage.

Return On Capital Employed (ROCE) adjusted %

Return on capital employed (ROCE) adjusted % is calculated as operating income before IAC 12 months trailing as a percentage of 5 quarters average capital employed.

Viaplay subscribers

A Viaplay subscriber is defined as a customer who has access to Viaplay and for whom a method of payment has been provided. Viaplay Group only reports paid-for subscriptions where a payment has been received directly from the end-customer or from a partner organisation. As of Q2 2023, the Viaplay subscriber base excludes temporary campaign subscribers that generate no meaningful ARPU via distribution partners.

Shareholder information

2024 Annual General Meeting

The 2024 Annual General Meeting of Viaplay shareholders will be held on Tuesday 14 May 2024 in Stockholm. Shareholders wishing to have matters considered at the meeting should submit their proposals in writing to agm@viaplaygroup.com or to the Company Secretary, Viaplay Group AB, BOX 17104, 104 62 Stockholm, Sweden, at least seven weeks before the meeting in order that such proposals may be included in the notices to the meeting. Further details of when and how to register will be published in advance of the meeting. The Board of Directors will propose to the Annual General Meeting that no annual cash dividend be paid for 2023.

Financial calendar

| | |
|--|-------------------------------|
| Publication of 2023 Annual Financial & Sustainability report | Week commencing 25 March 2024 |
| Publication of Q1 Interim report | 23 April 2024 |
| Annual General Meeting | 14 May 2024 |
| Publication of Q2 Interim report | 18 July 2024 |
| Publication of Q3 Interim report | 22 October 2024 |

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Conference call

A conference call will take place today, Thursday 22 February at 09.00 Stockholm local time, 08.00 London local time and 03.00 New York local time.

The conference call can be accessed online at <https://edge.media-server.com/mmc/p/srgh242i>

Or, register for the conference call at

<https://register.event.com/register/B1c88775d730504fb997e18d44e0e1528d>



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This information is information that Viaplay Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CET on 22 February 2024.

Viaplay Group AB (publ) is the Nordic region's leading entertainment provider. Our Viaplay streaming service is available in every Nordic country, as well as in the Netherlands and Poland, and our Viaplay Select branded content concept has been added to partner platforms around the world. We also operate TV channels across most of our markets, as well as radio stations in Norway and Sweden. Our talented people come to work every day with a shared passion and clear mission to entertain millions of people with our unique offering of locally relevant storytelling, which spans premium live sports, films, series and music. Our purpose is to grow our business profitably and responsibly, and deliver sustainable value for all our stakeholders. Viaplay Group is listed on Nasdaq Stockholm ('VPLAY B').

This interim report contains statements concerning, among other things, Viaplay Group's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Viaplay Group's future expectations. Viaplay Group believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. Such important factors include but may not be limited to Viaplay Group's market position; growth in the streaming industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Viaplay Group, its group companies and the streaming industry in general. Forward-looking statements apply only as of the date they were made and, other than as required by applicable law, Viaplay Group undertakes no obligation to update